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No. 22049

No. 22049A

In The

UNITED STATES COURT OF APPEALS

MAR 24 1969

For The Ninth Circuit

-S-H PLASTICS, INC.,

Petitioner,

vs.

AROLITE, INC. and J. W. CARROLL & SONS,

Respondent

-S-H PLASTICS, INC.,

Petitioner,

vs.

UNBEAM LIGHTING COMPANY, INC.,

Respondent

PETITION FOR REHEARING

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FILED

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WM. B. LUCK, CLERK



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K-S-H PLASTICS, INC.,

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PETITION FOR REHEARING

At the lower level, Petitioner provided the trial court with proper materials for constructing an injunction but the court failed to properly read the blueprint. In this Court Petitioner found better carpentry, but was rebuffed as having failed to supply the materials required for successful construction. The difficulty is that Respondent, responsible as a materialman for





carrying up the supplies in the form of Findings of Fact, succeeded in preventing the building of anything except error. Nor can Rule 52(a) of the Federal Rules of Civil Procedure be exonerated for its participation in abetting error.

Petitioner seeks rehearing on the ground that application of the law to the established facts demands a result different from that reached by this Court. The sole issue of consequence in this appeal is whether the K-Numbers of Petitioner functioned to identify source. All of the evidence on this issue was summarily considered by this Court in two short paragraphs of the decision. (Slip Opinion, last two paragraphs, pages 5-6). The brevity of discussion was justified by reference to the "clearly erroneous" rule. Petitioner earnestly solicits that the Court reconsider the applicability of this test to the present case.

Findings of Fact are not entitled to the usual presumption of being correct where they have been induced by an erroneous view of the law. Cedillo v. Standard Oil Company of Texas, 291 F.2d 246, 248 (5th Cir. 1963); U.S. v. Singer Mfg. Co., 374 U.S. 174, 194 n.9, 83 S.Ct. 1773, 1784 n.9 (1963). It is obvious that the District Court in this case approved prepared Findings, inconsistent with its expressed determination, because it believed the law flatly precluded Petitioner from acquiring trademark rights. While the opinion of this Court suggests that the observations of the lower court during trial are not binding, it must be equally correct that they cannot be ignored. This is the clear holding in Mereshon Company v. Pachmayr, 220 F.2d 879 (9th Cir. 1955).



The Mershon case, similar to the present case, involved a suit for trademark infringement. The mark was a white layer of material in a gun recoil pad comprising multiple layers which the lower court found, "in effect", could not be the subject of a valid trademark. "The findings also were that it is not true that the parties to the action were the only ones to use the white line on a recoil pad." 220 F.2d at 882. On review, this Court quoted the District Court's "remarks during the course of trial" that the two marks would be confusing if the alleged mark could constitute a legally valid trademark. The Court then stated, at page 885:

"Having reviewed the whole record including inspection of exhibits and a study of the court's findings of fact and conclusions of law, we are convinced that the United States District Judge was firmly impressed with the idea that color cannot be a component of a statutory or common law trademark or of unfair trade. And we are convinced that such idea led to the erroneous conclusion that the symbol constituting the trade-mark is not a valid trade-mark."

In the present case, Petitioner has pointed out in its Opening Brief (No. 22049A), at page 20, several clear statements by the lower court, during trial, indicating that the K-Numbers functioned to identify source but could not be the subject of a valid trademark. With this erroneous conception of the law, it would be surprising if the Findings did not reflect error.

In Audio Fidelity, Inc. v. High Fidelity Recordings, Inc.,

the same result was reached by this



Court in an unfair competition suit. The lower court's determination of facts was disturbed because once the lower court found actual copying, there should have been a presumption of secondary meaning. The District Court, however, found no secondary meaning because it believed that the record jacket was functional. This Court found error in the lower court's understanding of the "functionality" doctrine, and found that the court erred at law in failing to consider the presumption when ruling on secondary meaning. The lower court judgment was reversed and remanded because an error of law had affected the Findings of Fact.

Application of the test of Rule 52(a) clearly presumes that the trial judge carefully reviewed the record making his own determinations of fact and applying the proper law. While preparation of findings and conclusions by counsel is permissible, it has been remarked that acceptance of such findings in haec verba is "undesirable". United States v. Howard, 360 F.2d 373, 378 n.7 (3d Cir. 1966); Lorenz v. General Steel Products Company, 337 F.2d 726, 727 n.3 (5th Cir. 1964). This Court has cautioned that the trial court has a duty to consider, weigh and determine the accuracy of findings. Continental Connector Corp. v. Houston Fearless Corp., 350 F.2d 183, 187 (9th Cir. 1965). And it has been stated that it is not proper to announce a decision and subsequently direct the prevailing party to prepare findings. Roberts v. Ross, 344 F.2d 747, 751 (3d Cir. 1965). Yet in the case at bar, the decision was announced and Respondents prepared findings that were accepted verbatim.





It may be plausible to rationalize that the trial judge was legally educated between the time the incorrect statements were made at trial and the time the findings and conclusions were signed. But where counsel prepared findings that were signed without the slightest change, it is submitted that plausibility has become mere optimism. The error of law did not vanish, it was eclipsed in unreviewed and unanalyzed findings and conclusions carefully prepared by anticipating counsel.

In a situation like the present, this Court has not balked at in-depth review. Findings on likelihood of confusion, an issue which is related to secondary meaning, see Audio Fidelity, Inc. v. High Fidelity Recordings, Inc., 283 F.2d 551 (9th Cir. 1960), as well as findings of secondary meaning itself, have been reversed, because the question or issue "is one for this court to decide." Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149, 152 (9th Cir. 1963); Sleeper Lounge Company v. Bell Manufacturing Co., 253 F.2d 720, 723 (9th Cir. 1958); National Van Lines v. Dean, 237 F.2d 688 (9th Cir. 1956); National Lead Company v. Wolfe, 223 F.2d 195, 201 (9th Cir. 1955).

The ostensible basis for affirming the decision that the K-Numbers had not acquired secondary meaning was two-fold: (1) other panel manufacturers used similar symbols and some began using them before Petitioner began using its K-Numbers; and (2) a number of fixture manufacturers testified that the K-Numbers had become a short hand industry expression for a given panel configuration and were used as a part of their lighting fixture catalog numbers. (Slip Opinion, pp. 5-6).





With regard to the former point, the Court noted that no other manufacturers used "K" which was peculiar to K-S-H. The evidence on this fact was undisputed. As for the numeral portion of the marks, only one manufacturer (Rohm & Haas) used the same numeral prior to Petitioner and few manufacturers used the same numeral even at the time of trial. (Plf. Ex. 190). In any event, it is well-settled law that a trademark must be considered in its entirety. Sleeper Lounge Company v. Bell Manufacturing Co., 253 F.2d 720 (9th Cir. 1958). Moreover, this Court has held that mere use by third parties of even an identical mark does not preclude the acquisition of secondary meaning. Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149 (9th Cir. 1963); Safeway Stores v. Dunnell, 172 F.2d 649, 654 (9th Cir. 1949). Certainly marks that are similar only because they are alphanumeric do not support a contention of lack of indication of source or origin. Particularly when use of such marks generally came after use by K-S-H.

With respect to the second basis with which the Court supports its conclusion, Petitioner respectfully refers the Court to pages 2 and 3 of its Reply Brief (No. 22049A). This was the most biased testimony that the trial court received. It is not necessary to arrive at this conclusion to weigh the demeanor and credibility of these witnesses. It is unmistakable from the fact that they were customers of Carolite that supplied its panels when K-S-H panels were ordered by K-Numbers. Had Carolite lost the lawsuit, they would have been guilty of palming off. Their interest in the outcome was real--and they testified accordingly.



It is also pointed out that many fixture manufacturers, e.g., Day-Brite, Lighting Products, Inc. and Sunbeam (prior to the existence of Carolite), used the K-Numbers in their catalog designation because they supplied K-S-H panels. Furthermore, they testified at trial that the K-Numbers did indicate source. Two experts testified to the same effect. The president, quotation manager, assistant sales manager and purchasing agent of Defendant Sunbeam agreed. And even Defendant Carolite's own sales manager admitted that a K-Number brings K-S-H to mind.

The evidence overwhelmingly indicates that the trial court was correct during the trial in recognizing the existence of secondary meaning. But for that error of law as to whether trademark rights can be obtained in alphanumeric symbols by usage--justice would be realized. The ulcerated findings should not have been relied upon by this Court.

This Court affirmed because the above-discussed evidence allegedly supported the findings. But the exiguity of such evidence militates against affirmance even under the most stringent application of the clearly erroneous rule. Assuming this rule applies, it has been stated that "[a] finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." United States v. United States Gypsum Co., 333 U.S. 364, 395 (1948); Centennial Insurance Company v. Schneider, 247 F.2d 491, 494 (9th Cir. 1957); Kamen & Co. v. Paul H. Aschkar & Company, 382 F.2d 689, 694 (9th Cir. 1967).



Petitioner submits that a review of the entire evidence will compel a contrary result to that reached by this Court. In finding a lack of source indication, the trial court gave no apparent weight to Plaintiff's extensive use of the K-Numbers over a substantial period of time and across the entire country. The findings do not reflect the widespread and expensive advertising in which K-S-H indulged. Nor does it state that the sales volume of products bearing these symbols was substantial. And notwithstanding Carolite's proved palming off and grant of an injunction in the related situation, and the other conduct of Carolite, there is no suggestion that the court considered bad intent. The findings show that the lower court failed to account for those factors which are normally considered persuasive on the issue of secondary meaning. The findings when read in light of the evidence as a whole, set forth in Petitioner's Opening Brief, pages 4 through 15 (No. 22049A) are "clearly erroneous."

Petitioner requests that in view of the above argument demonstrating that the clearly erroneous rule is inapplicable to the present case, or in light of the inadequacy of the evidence relied upon by this Court to find "substantial support," a rehearing should be granted.

Respectfully submitted,

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Paul E. Adams

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Attorneys for Petitioner



CERTIFICATE

I certify that, in my judgment, the foregoing Petition  
is well founded and that is is not interposed for delay.

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Paul E. Adams

